MHC HOUSING OUTLOOK NATIONAL EDITION

Canada Mortgage and Housing Corporation

On track for gains this year and next

Third Quarter, 2000

Overview

Starts:
2000: +5.6 %
2001: +3.2 %

Resales:
2000: -0.4 %
2001: +2.8 %

Starts: Look for starts to rise to 158,300 this year and 163,400 in 2001. Gains will be tied to job and income growth, consumer confidence, rising migration, and stronger house prices. These positives will outweigh the negative effect of higher mortgage rates this year.

Resales: After edging down this year, sales of existing homes will top the 1999 record next year, rising 2.8 per cent. British Columbia and Ontario will lead growth in 2001.

Prices: Look for increases in resale prices to match the strong pace from last year. Expect price gains of around 4 per cent in both 2000 and 2001.

Details on page three.

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CMHC Housing Outlook: National Edition is your national sales, marketing, and business planning tool.

The Nation's HOT SPOTS

Ontario: Following the surge in building in 1999, look for strong but less spectacular gains in the next two years (See Page 13).

Alberta: Growth in the energy sector will maintain construction at levels not seen since the early 1980s (See Page 10).

Local Markets: Quebec City and Ottawa will be two of many centres enjoying significant increases in housing starts this year (See Pages 26-27).

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Canada

CMHC—HOME TO CANADIANS

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Upcoming PDF Release Dates

Fourth Quarter 2000 — October 17

National Housing Outlook

In Detail

Singles strong in 2000, multiples in 2001

Construction of all types of homes will rise. This year, semi-detached starts will set the pace followed by singles. Next year, row starts will enjoy the strongest growth, with semi-detached units again posting solid gains.

Widespread growth in singles this year

Single starts will climb 6.5 per cent this year, slowing to 1.9 per cent next year. Most provinces will see increases this year. Most will also see growth drop off next year, British Columbia being a notable exception.

Provincial multiples more volatile than singles

In Canada as a whole, multiple starts will see relatively stable growth of 4.0 and 5.3 per cent. Look for mulitiple starts in Nova Scotia and New Brunswick to surge nearly 40 per cent this year before falling back in 2001. By contrast, multiple starts in British Columbia will rise by over a quarter next year after a flat year in 2000. Ontario will enjoy solid growth in both years.

Rental construction rising, condos stable

Although still at low levels, look for rental starts to jump by nearly a quarter this year and level off next year. Ontario will account for virtually all of the increase. Rental starts will also be up in British Columbia. Condominium starts will hold steady before rising modestly in 2001, thanks primarily to gains in B.C.

Record resale numbers next year

Although growth will slow, resales will still hit record levels in 2001. More moderate sales increases in part reflect higher mortgage rates as well as scarce listings in some markets. Record volumes will be posted in Quebec, Ontario, Alberta, and Newfoundland.

Prices up everywhere in 2000 and 2001

Look for resale prices to be up in all provinces. Expect price gains well above the rate of inflation in the tight Ontario, Saskatchewan, and Alberta markets.

Spotlight on FORECAST RISKS

Various factors could cause housing starts to differ from forecast levels. Here are two possible alternative scenarios.

Stronger inflation than expected: **The U.S. Fed has raised interest rates six times since last June in an effort to keep inflation in check. Additional modest tightening is expected. Should this medicine appear not to be enough, the Fed might raise rates more than necessary, pushing the U.S. into a recession. The Bank of Canada would likely match the Fed's moves. The combination of higher rates and reduced exports to the U.S. would also produce a recession in Canada. Stock markets and consumer confidence would tumble, and consumers would slow their spending. Reduced demand from consumers and higher financing costs would shrink profits, retarding investment and job creation. Housing starts would fall below our forecast.**

The U.S. economy continues to surprise: **The U.S. economy has generally confounded forecasters by producing remarkable growth without generating inflation. Rapid gains in labour productivity have allowed for higher-than-expected growth and wage gains, while containing per-unit production costs. It is possible that the U.S. economy will continue to surprise on the upside by growing steadily through 2001, rather than moderating as expected. With 40 per cent of its GDP tied to exports, Canada would clearly benefit from stronger-than-expected performance in the U.S. Housing starts would rise above our forecast.**

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Trends Impacting Housing

Positive Impact

- ✓ *Economy still strong*
- ✓ *Employment and income growth*
- ✓ *Consumers upbeat*

What to Watch For

- ✓ *Higher mortgage rates this year*
- ✓ *Migrants head for Ontario and Alberta*

The Economy

The economy grew at a vigourous 4.9 per cent annual clip in the first quarter of 2000, virtually level with the 5.1 per cent performance in the previous quarter. Strong consumer and investment spending coupled with continued growth of the U.S. economy and an improving global economy point to a healthy outlook for the next two years.

Look for growth of 4.0 per cent in 2000, dropping to 3.5 per cent next year. Interest rate hikes by the U.S. and Canadian central banks are expected to curb the rate of expansion on both sides of the border. Slower growth in the U.S. will reduce demand for Canadian exports. Some preliminary evidence has emerged suggesting that the long-awaited cooling in the U.S may finally have begun, but data as yet are insufficient to confirm a slowdown.

Mortgage Rates

Although low by 1990s' standards, mortgage rates will remain subject to upward pressure in coming months, sparked by robust domestic growth and higher interest rates in the U.S. and Europe. Rates will ease once fears of inflation begin to subside. Over the next two years, look for one-year rates in the 7.50-8.50 per cent range, three-year rates between 7.75 and 8.75 per cent, and five-year rates from 8.00 to 9.00 per cent.

Consumers

Although confidence slipped in the first quarter of 2000, consumers are still upbeat. Consumer spending slowed slightly from the pace set last year, but should remain strong given a backdrop of job growth, income gains, and tax cuts. Canadian equity markets rebounded in May and June from a slide earlier this spring. These positive factors likely outweigh any concerns stemming from rising mortgage rates.

Employment and Incomes

Recent and continued job gains will be a plus for home building in coming months. 1999 edged out 1998 as the best year of the decade for job creation, especially for full-time jobs. In the first five months of 2000, job growth moderated but remained robust, pushing the unemployment rate to a twenty-four-year low. Fueled by tight capacity and rising profits, businesses are investing strongly. Compared to the exceptional performance of the past two years, look for slightly slower but still very healthy employment gains this year and next.

Canadians should have more money in their pockets. Federal tax cuts will kick in in July. Thanks to a strong economy, employment growth, wage gains, and continuing tax cuts, look for faster growth in disposable incomes over the next two years.

Migration

In 1998, immigration plunged, and net migration to Canada hit bottom. Immigration recovered gradually last year. In the first quarter of 2000, immigration dipped slightly and is now running at about 197,000, just below the official annual target range of 200-225,000. Look for immigration to continue to bounce back as Asian economies improve and new administrative measures are put in place to achieve government targets. Increased arrivals will mainly benefit construction in the four largest provinces.

Within Canada, Ontario remains the top destination for interprovincial migrants, followed by Alberta. Look for Ontario to lead in coming months. After a small gain in the third quarter of 1999, outflows from B.C. have resumed. With Ontario and Alberta exerting a strong pull on job seekers, expect migration to B.C. in the next two years to remain subdued by comparison to the large gains of the first half of the 1990s.

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Trends at a Glance

Key factors and their effects on home building

Factor	Comment	Impact 2000	Impact 2001
Mortgage rates	Edging up but easing by next year.	👎	👍
Employment	Solid gains expected, building on exceptional years in 1998 and 1999.	👍	👍
Incomes	Will benefit from strong labour market and tax cuts.	👍	👍
Net migration	Recovering from trough in 1998.	👍	👍
Household formation	Should increase as a result of improving net migration and job and income gains. More individuals and families can afford to live independently.	👍	👍
Consumer confidence	Expected to remain high.	👍	👍
House prices	Rising prices stimulate construction, while homeownership affordability remains high given income gains.	👍	👍
Unoccupied units	Low inventories a positive signal to builders.	👍	👍
Vacancy rates	Rental markets to remain tight.	👍	👍
Construction costs	Material cost increases to moderate next year as U.S. economy and housing market slow.	👎	👍
Profits	Rising house prices good for profits.	👍	👍

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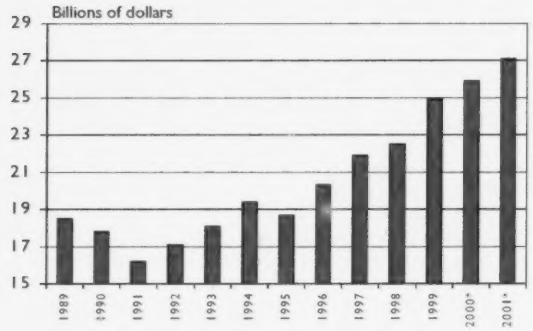
Special Report: Renovation Market Outlook

The outlook remains very bright for the renovation sector. Persistently high volumes of existing home sales and a significant increase in after-tax income will contribute to increased spending.

Short-term outlook

The upward trend in renovation spending, which began in 1996 at the same time as the real estate recovery, will continue at least until 2001. Total spending will climb by 4.2 per cent in 2000, to $25.9 billion, and by another 4.6 per cent in 2001 for a total of $27.1 billion. The main component of renovation spending, namely additions and modifications, will go up by 5.5 per cent and 4.1 per cent this year and next year, respectively.

Renovation Spending Continues to Rise



Source: Statistics Canada, CMHC Forecast 2000-2001.

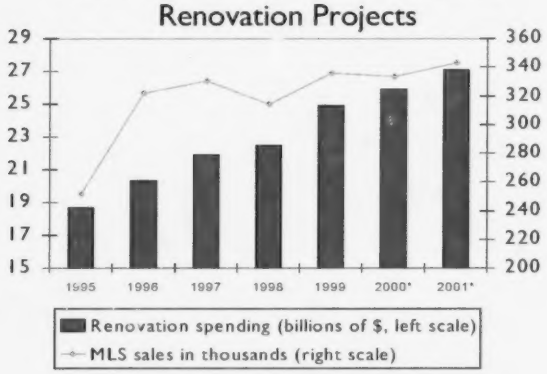
Existing home sales lead the way

Existing home sales are the principal driving force behind renovation spending. A household will usually decide whether or not to do major renovations during the first three years after buying a house.

During this period, average annual renovation spending by homeowner households is 30 to 50 per cent higher than for all households. It is often in this period that newcomers undertake major projects such as renovating the kitchen or bathrooms in order to customize and get the most out of their new home.

Sales of existing homes, which are forecast to remain stable at 333,700 this year and rise by 2.8 per cent to 343,100 next year, will continue to support renovation spending. In addition, the surge in the volume of transactions in Quebec and Ontario in the last two years continues to generate new business opportunities for renovation firms and manufacturers of building materials.

Existing Home Market Generates Renovation Projects

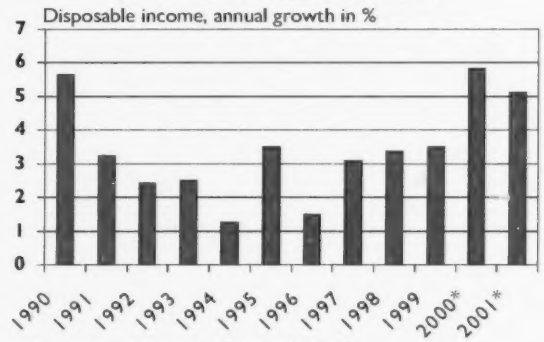


Disposable income to rise

The sustained economic growth in the last few years and the fact that this growth will continue will certainly have some positive effects on the renovation market. Consequently, employment growth, improved homeowner incomes, and current and upcoming tax reductions are other key factors in our forecast. More money available after tax provides consumers with greater means to undertake projects.

Our renovation spending forecast is based on the assumption that disposable income will go up by around 6 and 5 per cent in 2000-2001, well above the expected rate of inflation.

Accelerating Growth in Disposable Income Favours Renovation



Source: Conference Board of Canada.
* Forecast.

Mortgage rates: mitigated impact

Mortgage rate increases in 2000 will have only a very limited negative effect. The impact of the increase in incomes and the significant volume of existing home sales will largely offset the negative effect of the rise in financing costs.

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Atlantic region: a changing market

Renovation spending in the Atlantic region will progress slightly this year and next year. The momentum from high volumes of existing home sales in the last few years will continue until 2001. As well, the presence of an older housing stock and the arrival of a number of superstores are two factors that should offset the slowdown in employment growth over the forecast period.

Quebec: better and better

Renovation spending will post respective gains of 2.5 per cent in 2000 and 1.6 per cent in 2001. The strong wave of existing home sales in the last few years and the ongoing improvement in job market conditions are providing homeowners with the necessary financial means to undertake major renovation projects. In addition, increases in house prices in several centres are raising the confidence of consumers, who see a greater probability of recovering their renovation investment should they decide to sell their homes. (See Spotlight on Renovation on page 14).

Ontario: lots of action

A booming economy, which is driving up household incomes, and soaring existing home markets will continue to generate growth in renovation spending. Increases of 6.3 and 7.1 per cent are expected for this year and next year. All spending components will rise significantly, with the exception of conversions, given an anticipated slowdown in non-residential recycling projects.

Prairies: Alberta continuing strong

Alberta will enjoy the highest growth rate for renovation spending in the Prairies over the forecast period. Strong economic growth and in-migration from British Columbia are turning out to be determining factors in this trend. Prospects for high crude oil and gas prices should support oil and gas exploration spending. This will benefit real estate activity on the existing home market and, as a result, renovation expenditures will grow.

In Saskatchewan and Manitoba, the success of exporting companies is countered by difficulties in the agricultural sector, resulting in a less favourable economic context than in Alberta. Also, the stability of starts over the forecast period will not support spending on improvements. Renovation spending will go up only slightly in both cases.

Activity stable in British Columbia

Sluggish economic activity and higher mortgage financing costs will prevent any significant increase in renovation spending through the end of 2001. Most of the renovation projects for this year will be small or medium-sized.

The only exception will be in well-established districts where activity will be sustained. The homeowners there, generally baby boomers, have considerable incomes and are less affected by the rise in interest rates. Work undertaken in these neighbourhoods will be substantial.

Medium-term outlook

Two opposing forces in the renovation market will affect potential expenditure growth over the next 15 years. Increases in the size and the age of the housing stock will more than offset the negative effect of the decrease in renovation spending caused by the aging of the population.

Renovation needs increase with the age and size of the housing stock

The growth and aging of the housing stock will contribute to an increase in renovation. Aging of the stock, a reflection of fewer starts since the end of the 1980s, is very important. The proportion of homeowner housing units less than 18 years old fell from 43 per cent in 1988 to 32 per cent in 1998. It is anticipated that this trend will continue over the next few years, as starts stay close to current levels.

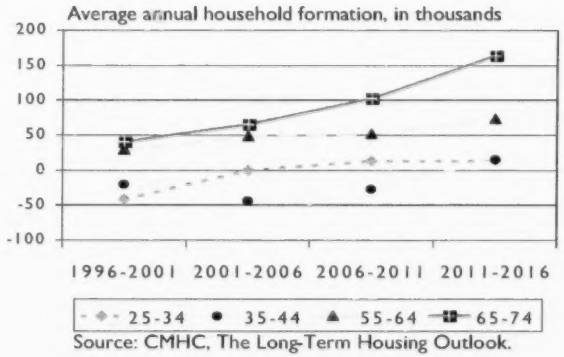
The aging of the population will increasingly limit the growth in renovation expenditures

The fact that a large number of households will move into the 55-to-64-year age segment over the next 15 years will limit growth in renovation spending. Surveys of renovation spending show a significant decline in this regard when households reach their fifties.

This trend will further intensify as of 2006 when the strongest growth in the number of households will be in the 65-to-74-year age segment, a group in which average renovation spending per household falls quite sharply.

Starting in 2006, it is expected that the number of households headed by those aged from 25 to 34 years will increase, but not sufficiently to offset the decrease in spending attributable to older households. ■

Household Formation Concentrated in Older Age Groups



Source: CMHC, The Long-Term Housing Outlook.

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Renovation and construction expenditure

		Renovation			Construction		
		1999	2000	2001	1999	2000	2001
Newfoundland	($ millions)	431	437	446	145	164	165
	(% change)	9.3	1.5	2.0	-1.6	13.1	1.0
P.E.I.	($ millions)	103	105	109	57	59	60
	(% change)	12.8	2.6	3.8	30.7	2.0	3.0
Nova Scotia	($ millions)	684	698	725	413	429	397
	(% change)	10.0	2.1	3.9	38.1	3.9	-7.5
New Brunswick	($ millions)	489	503	522	231	289	263
	(% change)	16.4	2.9	3.9	5.5	25.1	-9.0
Quebec	($ millions)	5,795	5,940	6,035	2,790	2,902	2,989
	(% change)	9.3	2.5	1.6	14.6	4.0	3.0
Ontario	($ millions)	10,071	10,701	11,461	8,512	9,717	10,143
	(% change)	11.0	6.3	7.1	24.2	14.2	4.4
Manitoba	($ millions)	802	796	816	331	316	317
	(% change)	5.1	-0.7	2.4	4.6	-4.5	0.3
Saskatchewan	($ millions)	753	761	779	307	292	301
	(% change)	11.7	1.0	2.4	5.0	-4.9	2.9
Alberta	($ millions)	2,341	2,520	2,686	2,991	3,111	3,204
	(% change)	10.2	7.6	6.6	-3.7	4.0	3.0
British Columbia	($ millions)	3,396	3,442	3,507	2,403	2,611	2 859
	(% change)	10.6	1.4	1.9	-23.2	8.6	9.5
Canada	($ millions)	24,864	25,903	27,085	18,181	19,890	20,699
	(% change)	10.3	4.2	4.6	8.0	9.4	4.1

Source: Statistics Canada, CMHC Forecast 2000-2001.

Renovation Expenditure Breakdown
(millions of dollars and annual percentage change)

	1999	2000	2001
Improvements and additions	17,160	18,096	18,833
%	8.6	5.5	4.1
Conversions	1,040	857	1,044
%	67.3	-17.6	21.9
Cottages	1,045	1,078	1,162
%	8.8	3.1	7.8
Repairs	5,619	5,873	6,046
%	9.0	4.5	3.0

Source: Statistics Canada, CMHC Forecasts 2000-2001.

CMHC Renovation Expenditure Forecast Components

The figures presented in the CMHC forecast include renovation expenditures made by landlords and homeowners.

Improvements and additions: Major projects leading to an increase in the value of the home including expansions or modifications and the addition of new equipment.

Repairs: Regular maintenance tasks such as painting, caulking or the replacement of existing equipment.

Conversions: Work aimed at dividing an existing dwelling or attaching several dwellings. This category also includes the conversion of non-residential buildings into housing.

Cottages: Renovations performed on homes that are not used as principal residences.

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British Columbia

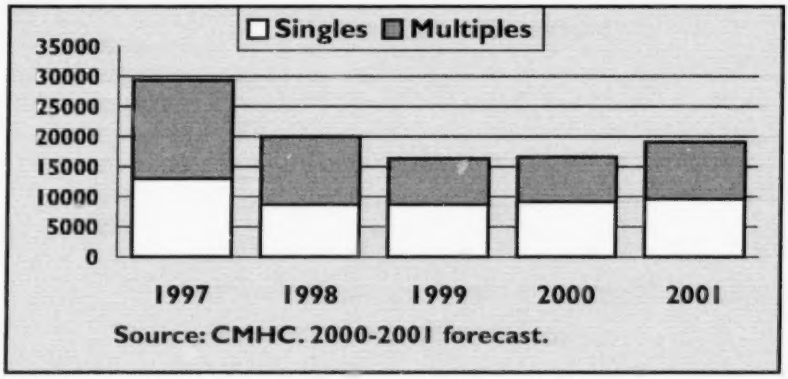
Overview

Economic prospects indicate that only niche housing markets will perform well this year.

In **Vancouver**, **Victoria**, and **Kelowna**, job growth is increasing in the service sector, but growth will not translate into more new housing demand. The reason is that higher mortgage rates will weaken prospects for potential home buyers who work in the service sector, B.C.'s fastest growing economic sector. Rather, housing demand will come from consumers employed in knowledge-based sectors (i.e. high-tech) and from the wealth of those achieving substantial capital gains from investing in high-tech.

While younger high-tech workers will seek out new housing that is specially wired and within an easy commute of their employment, baby boomers benefiting from increased wealth, prefer more established neighbourhoods. These wealthy baby boomers will seek out existing heritage or craftsman-style homes or build new custom homes.

B.C. Starts



Source: CMHC. 2000-2001 forecast.

Small, resort-based markets have received the benefit of accumulated wealth. There will be continued demand for specialty housing types. For example, the year-round resort of **Whistler** will experience strong interest by Americans, employed in high tech and finance, looking for high quality recreational properties for leisure activities. Similarly, the **Kootenays** region in the eastern part of the province is attracting interest from Albertan buyers.

The result is that recovery in B.C.'s housing market will be focused on unique markets that build on gains arising from the new economy.

In Detail

Single Starts: Single starts will rise slightly in 2000 as consumers with above-average incomes, who are unaffected by rising mortgage rates, take advantage of economic gains related to the new high-tech economy. Small-lot subdivisions and replacement of existing homes with new custom homes will drive the single-detached market.

Multiple Starts: Recovery in the multiple family housing market may begin as early as the end of this year. Preferred locations will be close to industrial parks and major institutions that are attracting the bulk of knowledge-based employment.

Resales: Resales will fall in 2000. Higher mortgage rates will evenly distribute the decline of resales among single-detached, apartment condominiums, and townhomes. Weak consumer confidence will continue to affect young, first-time buyers. As well, poor population growth rates, resulting from negative inter-provincial migration, will continue to have a lingering impact on resource towns and **Vancouver**'s suburban markets.

Prices: Price increases in **Vancouver** and the **Okanagan** region will more than offset falling prices in smaller housing markets. Higher mortgage rates will erode some of the price gains to date this year, but strong sales of single-detached homes will push up average prices.

Spotlight on RESOURCE MARKETS

Job prospects to weaken

In resource markets, commodity prices have recovered, and the outlook for demand is positive. However, there is little evidence that job prospects will increase in resource towns.

The challenge facing many resource-based companies is pressure to lower operating costs. The most popular option will be to reduce variable costs, primarily labour costs. This will result in further employment reductions in many resource towns, lowering demand for new housing. Only the oil and gas industry has increased employment needs, due to strong exploration activity in the northeast region of the province.

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Alberta

Overview

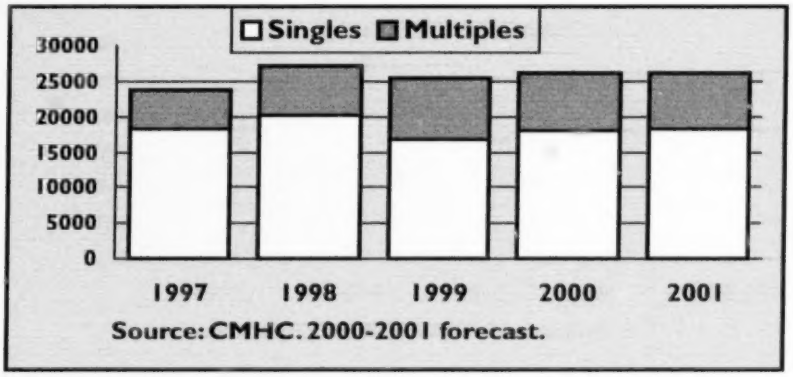
Economic growth leads to strong new home market, but watch out for multiples.

Pushed by several favourable factors, economic growth in Alberta will outpace the national average over the forecast period. The main driver of growth will be the energy sector, particularly continued investment in mega oilsands projects and high levels of conventional oil and gas drilling activity. Increased exports of food processing, forestry, and petrochemical products will also contribute to economic growth.

This growth will translate into job creation. A greater number of jobs combined with rising wages and recently announced tax cuts should fuel consumer confidence and spending over the next two years. In addition, the factors that are contributing to consumer confidence will also continue to attract people to Alberta. Total net migration, while lower than the levels seen over the past few years, will add to population growth and benefit demand for services and housing.

However, the decline in migration levels is also a potential downside risk for the economy. In recent years, Alberta has attracted people from all across Canada, particularly British Columbia. As the B.C. economy improves and the Ontario economy continues its strong performance, Alberta may not be able to attract the skilled labour required by its growing economy.

Alberta Starts



Source: CMHC. 2000-2001 forecast.

In Detail

Single Starts: Bolstered by strong consumer confidence, job growth, and business investment, single-family starts are expected to surpass 1999's performance by 8 per cent this year, followed by a modest 2 per cent gain in 2001. Lack of resale product in many of Alberta's smaller centres will fuel demand for new units, while active resale markets in **Calgary** and **Edmonton** will provide those moving up to a new home with purchasers for their current units.

Multiple Starts: Multi-family construction reached a 17-year high in 1999. However, the market will be hard pressed to exceed this level of activity in 2000 and 2001. Though centres like **Fort McMurray** will see strong gains, the overall decline will be in response to concerns over rising inventory levels in **Calgary** and **Edmonton**. As a result, expect to see a 7 per cent decline in 2000, followed by an additional 4 per cent drop in 2001.

Resales: In 2000, total resales will fall shy of the record set in 1997, as buyers become increasingly sensitive to higher mortgage rates. Expect a new record in 2001, as resale markets benefit from retreating mortgage rates, higher listings, and a buoyant job market.

Prices: Market conditions will continue to favour sellers in many localities, resulting in price hikes of 4.2 per cent to $145,500 this year and 3.5 per cent in 2001.

Spotlight on ENERGY MARKETS

Alberta's energy sector is more diversified

The oil price slump of late 1998 and early 1999 did not cause the provincial economy to collapse. This was because of the increased importance of natural gas to the province's energy sector.

Due to increased access to lucrative U.S. markets, energy producers are shifting the focus of their drilling activity from oil to natural gas. The traditional 55/45 split of oil and gas wells drilled has been reversed over the past two years. The anticipated increase in gas-fired electric generation in the U.S. means natural gas production will continue to become more important to the economy over the next few years.

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Saskatchewan

Overview

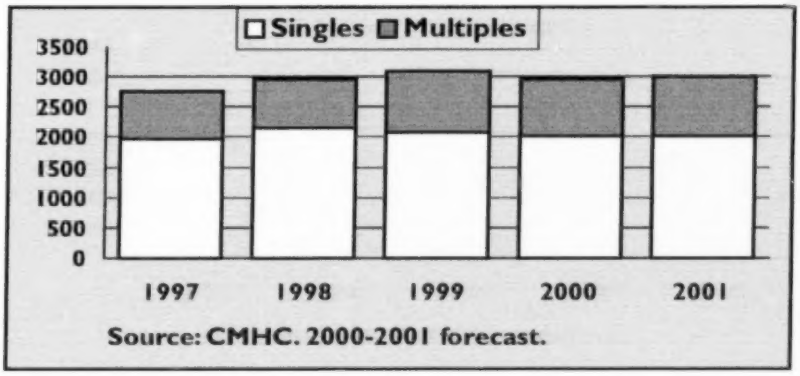
Housing markets surge in recovering economy.

A strongly recovering provincial economy with new jobs created by rising world demand for Saskatchewan goods is helping housing markets rebound from a tentative first quarter.

With incomes increasing, consumers are brushing aside interest rate hikes and rising housing prices and rents in the drive to form new households and become homeowners.

A scarcity of rental housing in the face of steady rural-urban migration is giving landlords an opportunity to raise rents to compensate for years of operating cost increases. Average rents in **Regina** and **Saskatoon** will increase about 5 per cent this year, pushing many renters into the resale market.

Saskatchewan Starts



Source: CMHC. 2000-2001 forecast.

The supply of available resale housing is at the lowest level ever recorded and, where good-quality, entry-level homes can be found, prices are rising rapidly. Saskatchewan cities are seeing some of the highest increases in average resale price in Canada.

As resale housing is scarce and prices are rising, Saskatchewan home builders are rushing to fill the gap. Year-to-date single housing starts in urban Saskatchewan are almost 10 per cent ahead of 1999, the best year in a decade.

In Detail

Single Starts: Rising mortgage rates have had no noticeable effect on single starts in Saskatchewan cities. Heightened activity in the final quarters of 2000 will compensate for a slower first half, bringing single starts in-line with the volumes seen in 1999.

Multiple Starts: Multiple-family construction will slow slightly in 2000 as developers market the large inventories of unsold units started in 1999. Construction is expected to rebound as unsold inventories are absorbed by empty-nester buyers. Notwithstanding the current over-supply, condominium and life-lease housing forms remain a popular alternative for seniors and empty-nester households looking for luxury living with low maintenance.

Resales: Existing home sales are running 10 per cent lower than 1999, not surprising in light of the fact that listings have fallen 13 per cent behind last year. Rising consumer confidence and job growth combined with increasing rents will support the resale market, but the scarcity of good-quality, starter homes remains the biggest obstacle.

Prices: Rising prices and rents are the catalyst driving housing markets. Renters and home buyers will be faced with more of the same in 2000 and 2001 as steady demand runs up against limited supply.

Spotlight on MOBILITY and AGING

How will population aging affect housing demand?

Research by CMHC suggests aging home owners will be looking at alternative housing forms in the next five to ten years.* This research shows that 50 per cent of persons aged 55 to 64 moved in a five year period while 64 per cent of those age 65 and over moved in the same period.

As the number of Saskatchewan households headed by older persons increases, the availability of traditional existing homes should increase as will demand for alternative housing forms such as condominiums and life-lease.

***Source: *Residential Mobility of Canadians*, Janet Che-Alford.**

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Manitoba

Overview

Several favourable factors contribute to economic growth.

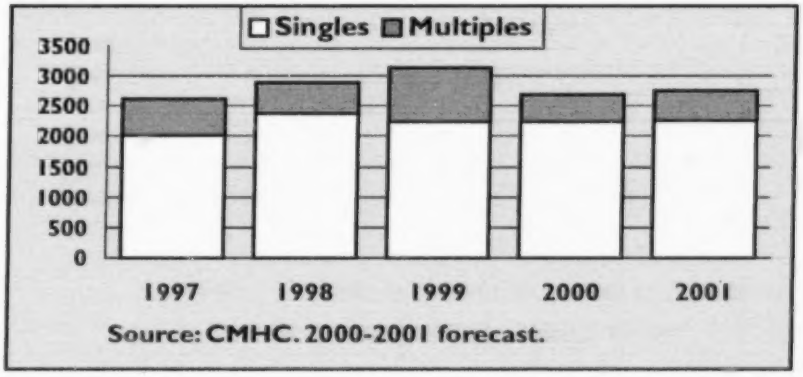
Total economic output in Manitoba is forecast to increase at an annual rate of 2.5 per cent over the next two years.

Continued strength of the U.S. economy will boost exports, while investment will benefit from over $250 million in construction projects that are currently proceeding or proposed over the forecast horizon.

Manitoba also has one of the lowest unemployment rates in the country. Over two-thirds of the working-age population is in the labour force, a record high. The strong labour market is contributing to wage gains and improving consumer confidence. Higher confidence will spur greater consumer spending on goods and services over the forecast period.

The tight labour market is also attracting people to the province. After 13 consecutive years of negative total migration, migration actually added to Manitoba's population in 1999. Improving net inter-provincial migration and increased international migration will be positive for economic growth over the next two years.

Manitoba Starts



Source: CMHC. 2000-2001 forecast.

In Detail

Single Starts: Following a solid year in 1999, single starts will remain steady in 2000 as Manitoba homebuilders keep busy meeting the demands of move-up buyers facing an increasingly tight resale market. In 2000, starts will reach roughly the same level as in 1999. This steady performance will carry into 2001 due to favourable employment growth and an anticipated drop in mortgage rates.

Multiple Starts: Following a ten year high in 1999, multiple construction has dropped substantially in the first half of 2000 as developers wait for the large supply of multiple-family units to be absorbed. While 2000 levels will finish well below 1999's stellar performance, CMHC expects multiple activity to pick up in the latter half of the year, as developers focus on condominium projects. Expect the demand for these types of projects to remain strong in 2001 as Manitoba's 55+ age group continues to grow.

Resales: MLS sales are expected to exceed last year's strong performance despite an ongoing shortage of new listings. Demand remains especially high in **Winnipeg** where steady consumer confidence and a solid job market have resulted in certain neighbourhoods experiencing sellers' market conditions.

Prices: After a slight depreciation in 1999, the average resale price is forecast to increase 2.9 per cent this year due to an active move-up market and a quicker turnaround rate for home sales. Price increases will moderate in 2001.

Spotlight on MIGRATION

Stable net migration benefits housing starts

After many years of losing thousands of people to other provinces and countries, Manitoba attracted more residents than it lost in 1999. While this level of growth is expected to subside in 2000 and 2001, slightly negative, but stable, net migration levels will fuel demand for services and support housing starts throughout the province.

Manitoba's rental market will also benefit from this improving migratory balance since migrants typically enter the rental market prior to purchasing a home.

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Ontario

Overview

Strike by concrete drivers delays construction.

New home starts numbers were exceptional until a strike by concrete drivers in the **Toronto** area held up construction in May. Apartment structures use cement extensively and proved the most susceptible to concrete shortages. Starts, especially of multiple family units, moved lower in the second quarter. With the strike now resolved, starts will bounce back.

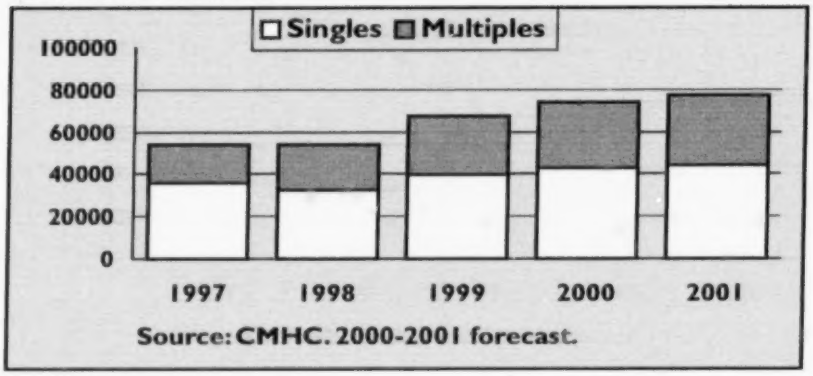
Demand for housing will remain strong despite moderately higher interest rates than last year. Ontario's economy is chugging ahead, and the healthy pace of job creation will continue to attract job seekers from abroad and other parts of Canada.

Economic indicators paint a picture of strength. Manufactured goods order levels and shipments are rising. Consumers are confident and will be out shopping for cars and homes. Record low unemployment rates will be reached by next year.

Housing starts will jump by a tenth this year to the highest annual level in eleven years. The main reason is job-driven household formation in combination with tight resale home markets.

Home prices are on the rise for both resale and new homes. Healthy demand for housing has already boosted new home prices in all of Ontario's major centres except the **Sudbury-Thunder Bay** area. Next year, the **Sudbury-Thunder Bay** area will join the upward trend.

Ontario Starts



Source: CMHC. 2000-2001 forecast.

In Detail

Single Starts: Single starts will rise by 9 per cent this year. This most popular, but also most expensive housing type, will appeal to baby boomers purchasing a home for the second or third time. Baby boomers have moved into their 40s — affluent years of established careers and asset accumulation.

Multiple Starts: Multiple starts will jump 12 per cent this year. Most construction will be in ownership homes. Multiple-family ownership homes gain popularity during periods of economic growth when rents and prices of existing homes head up. Town homes and condos are affordable alternatives to detached homes.

Higher rents and tighter vacancy rates will nudge rental apartment construction up. However, rental starts will still remain low by historical standards despite a growing young renter-aged population.

Resales: Strong job creation will keep demand high and resale markets tight. Sales are already high and will edge up only marginally, if at all. Mortgage carrying costs will rise: mortgage rates are already higher than a couple of years ago, and home prices will head up.

Prices: Average resale prices will rise two to three times faster than the general rate of inflation this year. Newly listed homes are selling well and confirm predictions of higher home prices ahead. **Ottawa** will challenge **Toronto** and Toronto-area markets for the provincial hot spot. Southern Ontario strength will spread to the currently weaker northern areas.

Spotlight on ONTARIO'S AGING POPULATION

Over the next few years Ontario's over-forty population will expand the fastest. Who are they?

This segment of the population contains the highest household incomes, mostly owners in larger homes and persons less likely to have a mortgage. Buyers from this age group tend to know exactly what they want and are less willing to compromise on special features or pay more than they planned. They are least likely to buy resale and are least willing to rent a part of their home to help with payments.

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Quebec

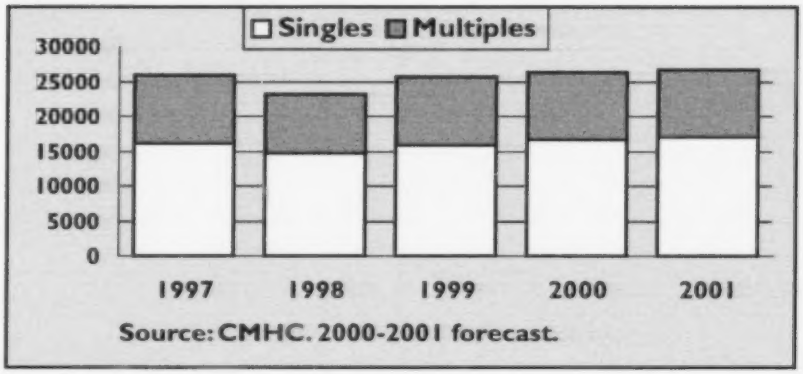
Overview

New construction holding steady.

Housing starts will rise in 2000 and 2001, but at a diminishing pace, reaching 26,400 units in 2000 and 26,600 units in 2001. Despite modest growth, starts will hit the highest level since 1994.

The economy will continue to prosper, growing by around 3 per cent in 2000 and 2001. This solid performance will translate into increased employment and a decrease in the unemployment rate, which will reach a historic low in 2001, at 7.9 per cent. These positive factors will raise the confidence of Quebec consumers.

Quebec Starts



Source: CMHC. 2000-2001 forecast.

With mortgage rates remaining relatively low, increasingly confident households will be inclined to spend on major purchases such as automobiles and homes. The result will be sustained demand for both new and existing homes.

In Detail

Single Starts: Single-detached starts will increase to 16,600 units in 2000 and 17,100 in 2001. Employment gains and resales will stimulate demand for new homes.

Multiple Starts: Multiple housing construction will decline in 2000 and 2001, to 9,700 and 9,500 units. The downturn will be mainly attributable to the semi-detached home segment. Semis tend to perform well in difficult times, whereas currently, households are looking to buy new single-detached homes. As well, existing homes are competing with semis for the attention of first-time-buyers.

Resales: Existing home sales will keep rising, but, just as for new homes, growth will moderate as the resale market starts running out of steam. Still, sales will attain new records and remain above the 50,000-unit level in 2000 and 2001.

Prices: The average price of existing homes will rise by 2.3 per cent in 2000 and 1.3 per cent in 2001. Modest price gains will reflect moderating sales growth in the resale market.

Spotlight on RENOVATION

Renovation spending is on the rise in Quebec, exceeding that of new construction. To understand the dynamics of this sector, the following are a few factors influencing the amounts spent*:

- **Households with incomes between $30,000 and $40,000 or between $80,000 and $100,000 are more likely to disburse large amounts. While those with incomes over $100,000 can afford to undertake costly renovations, they also have expanded opportunities for purchasing another home.**
- **Renovations performed by owners of duplexes or triplexes are also costly. These types of dwellings generally are rather old, explaining the large amounts associated with renovation.**
- **Households aged 65 years or older and those with children aged from 10 to 19 years tend to spend less on renovation.**
- **Owners of homes built in the 1970s or early 1990s and households owning condominiums also spend less.**

*** Source: *Analyse multivariée de la rénovation résidentielle au Québec*, Center for Interuniversity Research and Analysis on Organizations (CIRANO), Société d'habitation du Québec (SHQ), and Canada Mortgage and Housing Corporation (CMHC).**

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New Brunswick

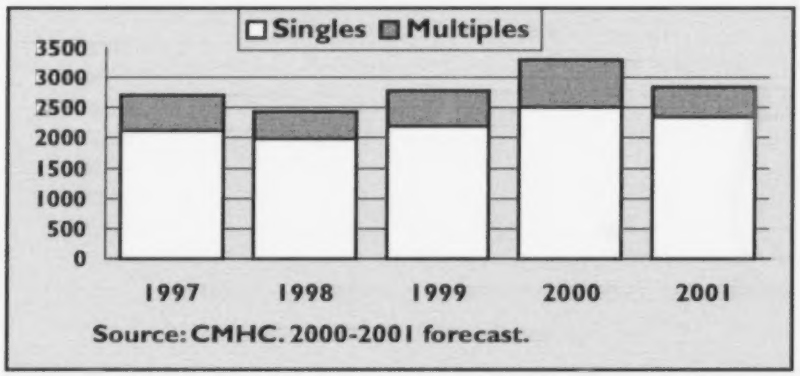
Overview

Jobs will bolster housing demand.

New Brunswick's robust economy and flourishing job market will finally see the unemployment rate move into single digit territory in 2000 and 2001. Another year of strong job growth will continue to fuel consumer confidence and bolster housing demand.

Two new energy-related projects scheduled to start this year will combine with continuing construction on the **Fredericton-Moncton** highway and at the Irving Oil refinery to lift employment. The lateral natural gas pipeline to **Saint John** started in the spring and a natural gas distribution network will break ground in the summer. Export growth, solid consumer spending, and record tourism revenues will further support the booming economy.

New Brunswick Starts



Source: CMHC. 2000-2001 forecast.

Tightening resale markets in a growing economy boosted first quarter home starts to 298 units, the highest such rate since 1988. Total housing starts are expected to increase 19 per cent this year to 3,300 units but retreat marginally in 2001.

New rental development should accelerate in the **Moncton** and **Fredericton** markets this year in response to growing demand. Condo development is re-emerging in select markets, offering the move-down market and young professionals an alternative to high-end rental.

In Detail

Single Starts: Significant job growth in 1999 has energized consumer confidence and will significantly bolster new home demand in 2000. With little selection in the existing home market, more homebuyers are turning to new homes. Single starts are expected to increase 14 per cent in 2000.

Multiple Starts: Multiple starts should increase sharply in 2000. High-end rental, row housing, and some condo activity will characterize new development. The bulk of construction will occur in **Fredericton** and **Moncton**. In 2001, multiple starts will retreat sharply as new supply satisfies consumer demand. Rental supply shortages in **Saint John** will open future development opportunities

Resales: Existing home sales passed the 4,300-unit mark in 1999, but will decline marginally in 2000 and 2001. Despite such modest declines, real estate agents will remain active with sales forecast to stay above 4,000 units.

Prices: A limited number of listings and active move-up buyers will push prices to record highs in New Brunswick. The average price of existing homes is expected to exceed $90,000. Price growth will be strongest in **Fredericton** and **Saint John** this year.

Spotlight on MIGRATION

Moncton captures influx of job seekers

Between 1993 and 1998, Moncton recorded a net gain of close to 4,000 residents while the province recorded a net loss of 7,000 residents. Strong job growth in the province's hub city has helped compensate for the high unemployment permeating northern New Brunswick.

The large influx of job seekers to Moncton has stimulated demand for all types of housing. Both the new and resale markets registered record performances in 1999. Increasing rental demand pushed the vacancy rate below 4 per cent and demand for condominiums is emerging.

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Nova Scotia

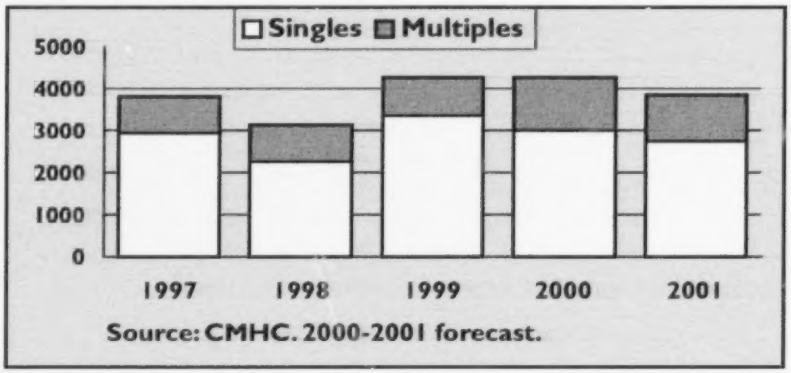
Overview

Slower economic growth to limit housing activity this year and next.

Now that Nova Scotia is a natural gas producer and the largest investment component of the Sable Gas project is completed, economic growth will slow from 1999 levels. Slower growth, combined with a less than favourable provincial fiscal situation and rising mortgage rates, will mean that, with the exception of the multi-family market, housing activity will retreat from 1999's heated pace.

New employment opportunities in the oil and gas industry and the service sector will offset the loss of Sable Gas and public-service-related jobs. The arrival of the Tall Ships in **Halifax** in July will ensure another banner year for tourism, while the arrival of two Post Panamax cranes in **Halifax** will ensure that the port continues to see its share of container traffic.

Nova Scotia Starts



Source: CMHC. 2000-2001 forecast.

Notwithstanding this relatively positive economic picture, housing markets will slow from 1999 levels. The exception will be the multiple-family market, where construction is forecast to increase by 38 per cent this year, the bulk of development activity coming in **Halifax**.

The news is less positive in the new and existing single-family markets this year. Resales will retreat from last year's record high, but remain strong by historical standards. Similarly, new single-family construction will ease, as much of the pent-up demand was satisfied last year.

In Detail

Single Starts: A slow start in 2000 will not be overcome, as the pace of home building will continue to soften throughout the year. Lower affordability levels and weakening consumer confidence will keep many buyers off the market over the next 12 to 18 months. Despite the drop from 1999 levels, the pace of single-family development will remain strong by 1990's standards, as less price-sensitive move-up buyers continue to drive activity.

Multiple Starts: A strong rental market, combined with favourable mortgage rates early this year, will boost multiple starts significantly in 2000. Well-located rental and condominium units will command premium prices and attract the attention of a growing move-down market.

Resales: Although demand for existing homes will drop this year, a persistent shortage of listings will pose the greatest challenge for Nova Scotia realtors this year. Such limited supply will prompt potential buyers to decide very quickly on the home of their choice, significantly cutting average selling time.

Prices: Despite slower activity in the ownership market, prices will continue to show solid growth this year and next. Reduced affordability will keep first-time buyers off the market this year, leaving move-up buyers to push new and resale prices to record highs. Average resale prices, which broke through $100,000 last year, will top $106,000 in 2000.

Spotlight on CONDOMINIUMS

Move-down buyers interested in condo living

Home-buyers in Nova Scotia have traditionally been reluctant to buy condominiums. However, rising rents for top-quality rental units are giving consumers reason to reconsider condos.

A record of more than 500 new and existing condos were sold last year in Halifax, capping steady growth since 1990. Condo sales will continue to increase. The 200-300 new condos forecast to be started in 2000 surpasses total activity during the past 5 years. Watch for continued strong performance in the condo market for the next few years.

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P.E.I.

Overview

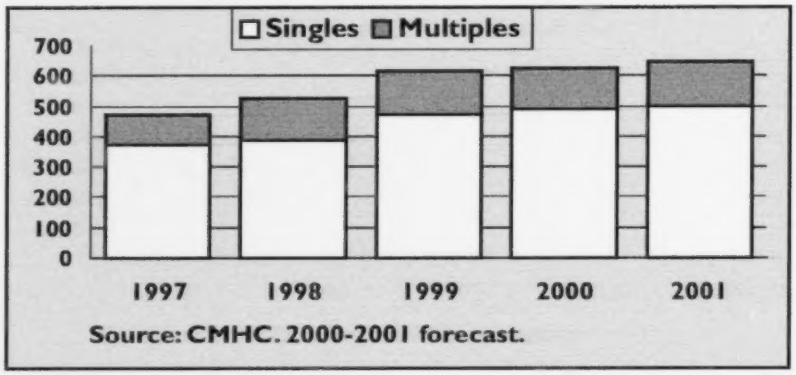
Economic growth to remain strong.

The Island's economy continues to build momentum after a solid performance in 1999. Real Gross Domestic Product is expected to grow above 3 per cent again this year before slowing slightly in 2001.

Remarkable labour market conditions will continue to attract a relatively high number of people to the Island. Employment has already shown considerable vigour this year, thanks to new service sector jobs. Job creation is expected to exceed growth in the labour force, pushing the unemployment rate below 13 per cent in 2000 and 2001.

Traditional sectors such as tourism, fisheries, and agriculture are expected to do well. A solid gain in wholesale and retail trade is another major factor stimulating economic growth this year.

P.E.I. Starts



Source: CMHC. 2000-2001 forecast.

The Island will also benefit from a broader economic base as the communications and aerospace sectors continue to expand. Exports may not rise as sharply as in 1999, but manufacturing shipments will certainly remain strong due to sustained U.S. demand and the low value of the Canadian dollar.

These positive signs will continue to boost consumer confidence and maintain the upward trend in residential construction. Look for a rise in total housing starts to 625 and 645 units in 2000 and 2001 respectively.

In Detail

Single Starts: Single starts will increase over the next two years to 490 and 500 units respectively. Construction of single-detached dwellings is expected to rise across the Island, but mainly in rural areas, where the solid performance by traditional sectors over the last few years has greatly enhanced demand for new homes.

Multiple Starts: Strong multiple starts last year and lower vacancies have not persuaded developers to build more multiples. Look for rental construction to pick up in the second half of this year, but multiple starts will be unlikely to match last year's total.

Resales: Demand for existing homes remains strong, but a shortage of affordable houses for sale in the **Charlottetown** area will put an end to the upward trend in sales that began in 1995. Sales should drop to 1,100 units in 2000 and to 1,000 units in 2001.

Prices: A substantial decline in the average sales price in the **Summerside** area will not be enough to outweigh increasing prices in the larger **Charlottetown** market. For the province as a whole, look for modest price increases of around 1 per cent this year and next.

Spotlight on RESALE MARKET

Shortage of affordable homes for sale

Provincial sales of existing homes more than doubled over the last five years, jumping from 476 units in 1995 to a record high of 1,184 units last year. The drop in mortgage rates to a 30-year low over the last few years prompted many first-time buyers to purchase homes.

This impressive boom in sales of existing homes under $80,000 has created a shortage of affordable listings, especially in the Charlottetown area. In the first five months of this year, the average list price in the City of Charlottetown, the capital region's largest market, had increased to over $147,000, up 18.5 per cent from the same period in 1999.

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Newfoundland

Overview

Housing demand continues to benefit from sustained economic expansion.

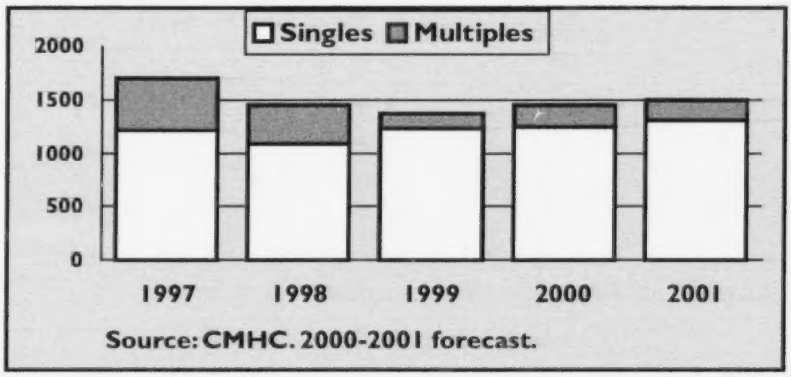
Newfoundland will be among Canada's fastest-growing provinces this year. Next year should see even stronger output, making this province the only one expected to enjoy faster growth in 2001. Further expansion in the oil industry will underpin the sustained economic upturn, reflecting increased production at Hibernia and the first oil from the Terra Nova field, scheduled to flow early next year. Anticipated start-up of the White Rose oil development and stepped-up investment in exploration activity will sustain momentum in the oil industry. Tourism will also expand, bolstered by improved transportation links and promotional efforts.

Employment gains, coupled with healthy personal income growth, will fuel domestic demand, boosting retail trade and other service industries. Sustained economic and employment growth will moderate the outward flow of people from the province, helping to keep population losses modest in comparison to the decline that occurred over the past decade.

A broad-based increase in provincial housing demand is anticipated with all segments of the market forecast to improve. Activity should remain largely urban-based since adjustment pressures as a result of fisheries restructuring will continue to dampen rural housing demand.

The **St. John's** region, as the hub of oil development activity, will continue to dominate the provincial housing landscape over the next few years with all segments of its housing market poised to grow.

Newfoundland Starts



Source: CMHC. 2000-2001 forecast.

In Detail

Single Starts: Spillover from a hot resale market, strong demand from an expanding pool of move-up buyers, and a steady stream of persons moving into the **St. John's** region, will push single-detached starts to their best performance since 1996. A combination of income growth and tax reductions will also stimulate demand for new homes this year and next.

Multiple Starts: Multiple starts should see steady growth this year and next. Despite recent improvements, provincial rental markets have not yet recovered sufficiently to stimulate any significant rebound in rental construction. Conversion of excess rental units to condominiums will continue to dampen condominium starts over the short term. Nevertheless, condominium starts will rebound as the supply of recently converted rental units tapers off. An expanding seniors market will generate multiple starts both in the form of rental apartments and condominiums, while ongoing demand for affordably priced housing will prompt modest investment in semi-detached and row units.

Resales: MLS sales, which will increase for the fifth consecutive record year in 2000, will again set a record. Employment and income gains, increased move-up demand, and positive migration to the **St. John's** region will underpin these advances.

Prices: Strong demand, coupled with reduced supplies and more sales of higher-priced homes, will push Newfoundland's average MLS price to record levels this year and next.

Spotlight on ST. JOHN'S STARTS

The St. John's region has reaped significant benefits in recent years from its position as the hub of Newfoundland's oil development. As a result, St. John's has played an increasingly dominant role in the residential construction industry. Its share of provincial housing starts steadily increased throughout the 1990s, peaking at almost 60 per cent last year. Even more pronounced is its share of multiple-unit construction — 86 per cent in 1999. Given the outlook for only a gradual recovery in fish stocks, coupled with a sustained economic upturn in the St. John's region, this market is likely to remain dominant over the short to medium term.

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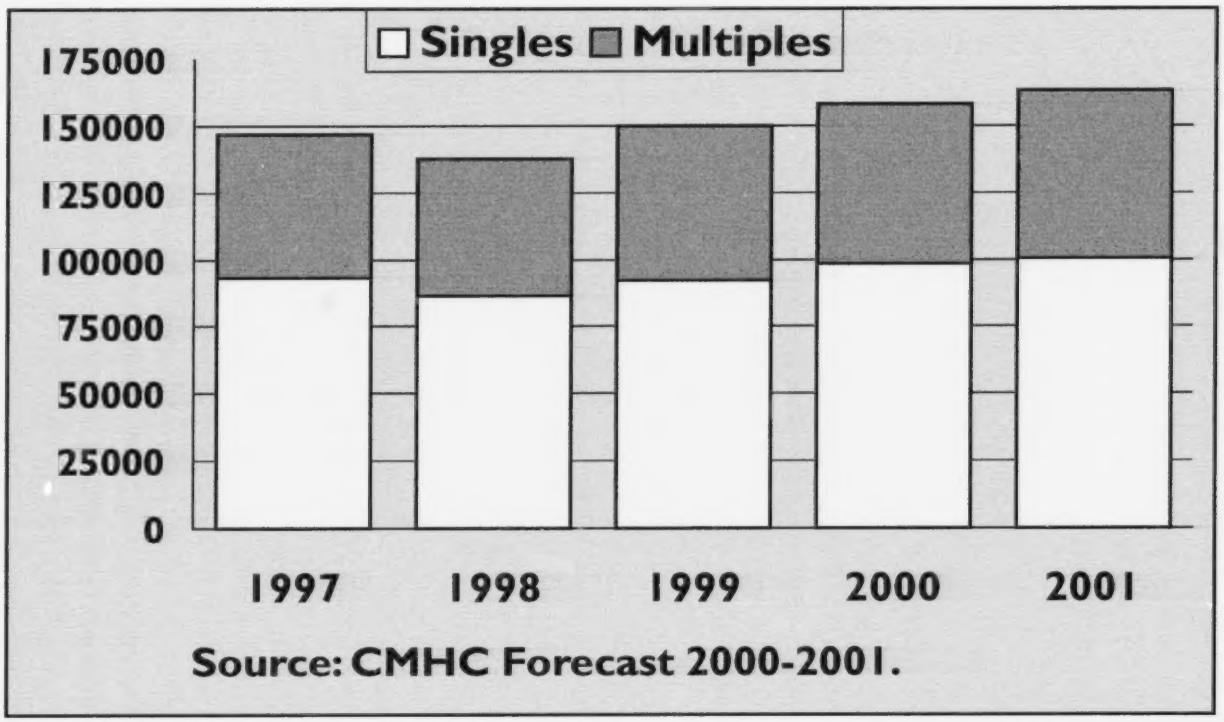
Canada Starts



Total Housing Starts
(units and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	1712	2034	1696	1450	1371	1525	1575
%	-23.7	18.8	-16.6	-14.5	-5.4	11.2	3.3
PEI	422	554	470	524	616	625	645
%	-36.9	31.3	-15.2	11.5	17.6	1.5	3.2
NS	4168	4059	3813	3137	4250	4250	3850
%	-12.2	-2.6	-6.1	-17.7	35.5	0.0	-9.4
NB	2300	2722	2702	2447	2776	3300	2850
%	-28.2	18.3	-0.7	-9.4	13.4	18.9	-13.6
QUE	21885	23220	25896	23138	25742	26360	26615
%	-35.9	6.1	11.5	-10.7	11.3	2.4	1.0
ONT	35818	43062	54072	53830	67235	74000	77000
%	-23.2	20.2	25.6	-0.4	24.9	10.1	4.1
MAN	1963	2318	2612	2895	3133	2684	2745
%	-38.6	18.1	12.7	10.8	8.2	-14.3	2.3
SASK	1702	2438	2757	2965	3089	2950	3000
%	-18.9	43.2	13.1	7.5	4.2	-4.5	1.7
ALTA	13906	16665	23671	27122	25447	26100	26150
%	-21.4	19.8	42.0	14.6	-6.2	2.6	0.2
BC	27057	27641	29351	19931	16309	16500	19000
%	-31.3	2.2	6.2	-32.1	-18.2	1.2	15.2
CAN	110933	124713	147040	137439	149968	*158300	*163400
%	-28.0	12.4	17.9	-6.5	9.1	5.6	3.2

Source: CMHC Forecast 2000-2001.
(F) Forecast.
* Total does not add due to rounding.

Single-detached Starts
(units and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	1165	1395	1220	1086	1233	1375	1400
%	-19.9	19.7	-12.5	-11.0	13.5	11.5	1.8
PEI	364	430	374	387	472	490	500
%	-19.8	18.1	-13.0	3.5	22.0	3.8	2.0
NS	3040	3278	2939	2257	3345	3000	2750
%	-9.5	7.8	-10.3	-23.2	48.2	-10.3	-8.3
NB	1722	2173	2125	1989	2201	2500	2350
%	-32.4	26.2	-2.2	-6.4	10.7	13.6	-6.0
QUE	13428	14818	16073	14685	15798	16620	17070
%	-27.1	10.4	8.5	-8.6	7.6	5.2	2.7
ONT	20124	27019	35401	32737	39421	43000	44000
%	-33.0	34.3	31.0	-7.5	20.4	9.1	2.3
MAN	1564	1875	2019	2368	2231	2234	2250
%	-35.9	19.9	7.7	17.3	-5.8	0.1	0.7
SASK	1341	1612	1954	2154	2070	2000	2000
%	-13.0	20.2	21.2	10.2	-3.9	-3.4	0.0
ALTA	10096	12949	18170	20077	16688	17950	18300
%	-20.3	28.3	40.3	10.5	-16.9	7.6	1.9
BC	11581	12447	12911	8691	8731	9000	9500
%	-30.2	7.5	3.7	-32.7	0.5	3.1	5.6
CAN	64425	77996	93186	86431	92190	*98200	*100100
%	-28.0	21.1	19.5	-7.2	6.7	6.5	1.9

Source: CMHC Forecast 2000-2001.
(F) Forecast.
* Total does not add due to rounding.

Multiple Starts
(units and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	547	639	476	364	138	150	175
%	-30.6	16.8	-25.5	-23.5	-62.1	8.7	16.7
PEI	58	124	96	137	144	135	145
%	-73.0	113.8	-22.6	42.7	5.1	-6.3	7.4
NS	1128	781	874	880	905	1250	1100
%	-18.8	-30.8	11.9	0.7	2.8	38.1	-12.0
NB	578	549	577	458	575	800	500
%	-11.9	-5.0	5.1	-20.6	25.5	39.1	-37.5
QUE	8457	8402	9823	8453	9944	9740	9545
%	-46.3	-0.7	16.9	-13.9	17.6	-2.1	-2.0
ONT	15694	16043	18671	21093	27814	31000	33000
%	-5.5	2.2	16.4	13.0	31.9	11.5	6.5
MAN	399	443	593	527	902	450	495
%	-47.2	11.0	33.9	-11.1	71.2	-50.1	10.0
SASK	361	826	803	811	1019	950	1000
%	-35.1	128.8	-2.8	1.0	25.6	-6.8	5.3
ALTA	3810	3716	5501	7045	8759	8150	7850
%	-24.1	-2.5	48.0	28.1	24.3	-7.0	-3.7
BC	15476	15194	16440	11240	7578	7500	9500
%	-32.2	-1.8	8.2	-31.6	-32.6	-1.0	26.7
CAN	46508	46717	53854	51008	57778	*60100	*63300
%	-27.9	0.4	15.3	-5.3	13.3	4.0	5.3

Source: CMHC Forecast 2000-2001.
(F) Forecast.
* Total does not add due to rounding.

Multiple Housing Starts by Type

		1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NF	Semi-detached	72	141	158	163	50	30	50
	Row	40	40	18	20	9	20	50
	Apartment	435	458	300	181	79	100	75
	Total	547	639	476	364	138	150	175
PEI	Semi-detached	20	10	12	28	32	30	35
	Row	18	68	43	10	31	30	25
	Apartment	20	46	41	99	81	75	85
	Total	58	124	96	137	144	135	145
NS	Semi-detached	417	447	303	290	218	175	200
	Row	72	59	58	89	29	30	25
	Apartment	639	275	513	501	658	1045	875
	Total	1128	781	874	880	905	1250	1100
NB	Semi-detached	127	138	106	106	134	150	120
	Row	51	92	132	89	94	110	80
	Apartment	400	319	339	263	347	540	300
	Total	578	549	577	458	575	800	500
QC	Semi-detached	2264	2384	2767	1930	1586	1085	845
	Row	1046	1094	1433	1074	1184	1310	1210
	Apartment	5147	4924	5623	5449	7174	7345	7490
	Total	8457	8402	9823	8453	9944	9740	9545
ON	Semi-detached	2306	3348	4299	4575	6445	8000	8300
	Row	6175	8124	9964	10073	10425	10700	11400
	Apartment	7213	4571	4408	6445	10944	12300	13300
	Total	15694	16043	18671	21093	27814	31000	33000
MAN	Semi-detached	45	126	143	131	90	100	95
	Row	121	113	96	81	151	125	100
	Apartment	233	204	354	315	661	225	300
	Total	399	443	593	527	902	450	495
SK	Semi-detached	86	134	160	174	155	150	200
	Row	60	193	352	222	104	200	200
	Apartment	215	499	291	415	760	600	600
	Total	361	826	803	811	1019	950	1000
ALB	Semi-detached	592	1049	1458	1428	1570	1300	1375
	Row	1340	1203	1691	1512	1424	1050	1100
	Apartment	1878	1464	2352	4105	5765	5800	5375
	Total	3810	3716	5501	7045	8759	8150	7850
B.C.	Semi-detached	1607	1528	1979	1218	816	900	1300
	Row	2964	3364	3469	2117	1444	1500	2100
	Apartment	10905	10302	10992	7905	5318	5100	6100
	Total	15476	15194	16440	11240	7578	7500	9500
CAN	Semi-detached	7536	9305	11385	10043	11096	*11900	*12500
	Row	11887	14350	17256	15287	14895	*15100	*16300
	Apartment	27085	23062	25213	25678	31787	*33100	*34500
	Total	46508	46717	53854	51008	57778	*60100	*63300

Source: CMHC Forecast 2000-2001.
* Total does not add due to rounding.

Multiple Housing Starts by Area and Tenure

		Centres 10,000 population and over							
		Rental/Co-op		Total			Total	Other	All Areas
		Private	Assisted	Rental	Condo	Other*	10,000+	Areas	Total
NFLD	1999	6	0	6	0	117	123	15	138
	2000	50	0	50	40	50	140	10	150
	2001	50	0	50	40	75	165	10	175
PEI	1999	94	0	94	0	30	124	20	144
	2000	75	0	75	0	35	110	25	135
	2001	85	0	85	0	35	120	25	145
NS	1999	571	0	571	0	164	735	170	905
	2000	655	0	655	250	200	1105	145	1250
	2001	615	0	615	150	225	990	110	1100
NB	1999	284	0	284	58	185	527	48	575
	2000	565	0	565	75	125	765	35	800
	2001	270	0	270	50	140	460	40	500
QUE	1999	3444	0	3444	3456	1838	8738	1206	9944
	2000	3550	0	3550	3560	1895	9005	735	9740
	2001	3460	0	3460	3470	1845	8775	770	9545
ONT	1999	1313	0	1313	13184	13190	27687	127	27814
	2000	3600	0	3600	12850	14300	30750	250	31000
	2001	4000	0	4000	13200	15500	32700	300	33000
MAN	1999	455	0	455	301	8	764	138	902
	2000	115	0	115	265	10	390	60	450
	2001	125	0	125	285	0	410	85	495
SASK	1999	80	0	80	633	121	834	185	1019
	2000	50	0	50	720	100	870	80	950
	2001	75	0	75	750	100	925	75	1000
ALTA	1999	1264	0	1264	5439	748	7451	1308	8759
	2000	850	0	850	5400	700	6950	1200	8150
	2001	800	0	800	5175	700	6675	1175	7850
BC	1999	1038	537	1575	5034	692	7301	277	7578
	2000	1000	800	1800	4800	600	7200	300	7500
	2001	1200	800	2000	6100	900	9000	500	9500
CAN	1999	8549	537	9086	28105	17093	54284	3494	57778
	2000	10510	800	11310	27960	18015	57285	2840	**60100
	2001	10680	800	11480	29220	19520	60220	3090	**63300

Source: CMHC Forecast 2000-2001.
* Includes homeowner and unclassified units.
** Total does not add due to rounding.

MLS Total Residential Sales
(units and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	1655	2005	2170	2288	2437	2550	2550
%	-11.6	21.1	8.2	5.4	6.5	4.6	0.0
PEI	476	750	806	1125	1184	1100	1000
%	-20.5	57.6	7.5	39.6	5.2	-7.1	-9.1
NS	7019	8372	7567	8052	8827	8200	7900
%	-1.7	19.3	-9.6	6.4	9.6	-7.1	-3.7
NB	3496	4023	3941	4080	4376	4200	4000
%	4.7	15.1	-2.0	3.5	7.3	-4.0	-4.8
QUE	29776	39135	43463	45192	49792	51025	51550
%	-11.2	31.4	11.1	4.0	10.2	2.5	1.0
ONT	104993	137921	140608	138463	148660	151000	155000
%	-8.8	31.4	1.9	-1.5	7.4	1.6	2.6
MAN	9749	10965	11180	10762	11111	11200	11250
%	-9.9	12.5	2.0	-3.7	3.2	0.8	0.4
SASK	7349	8689	8346	8068	8053	7600	7500
%	-1.5	18.2	-3.9	-3.3	-0.2	-5.6	-1.3
ALTA	29098	37485	43693	43383	42684	43800	44300
%	-10.5	28.8	16.6	-0.7	-1.6	2.6	1.1
BC	58082	72182	68182	52910	58084	53000	58000
%	-22.8	24.3	-5.5	-22.4	9.8	-8.8	9.4
CAN	251693	321527	329956	314323	335208	*333700	*343100
%	-12.5	27.7	2.6	-4.7	6.6	-0.4	2.8

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2000-2001.
(F) Forecast.
* Total does not add due to rounding.

MLS Average Residential Price
(dollars and annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	89525	93661	92226	91514	94359	97500	99000
%	-2.4	4.6	-1.5	-0.8	3.1	3.3	1.5
PEI	73803	83922	86403	79577	82139	83000	84000
%	-6.3	13.7	3.0	-7.9	3.2	1.0	1.2
NS	89788	93444	96693	97015	102628	106000	108000
%	-1.4	4.1	3.5	0.3	5.8	3.3	1.9
NB	83993	84198	87204	86648	88072	91000	92000
%	-0.2	0.2	3.6	-0.6	1.6	3.3	1.1
QUE	98685	98435	101715	103947	107501	109920	111320
%	-3.4	-0.3	3.3	2.2	3.4	2.3	1.3
ONT	154606	155662	164382	167115	174048	185000	193000
%	-3.5	0.7	5.6	1.7	4.1	6.3	4.3
MAN	81897	85318	85404	86419	84525	87000	88000
%	-2.2	4.2	0.1	1.2	-2.2	2.9	1.1
SASK	73796	77478	83978	87577	91396	95500	99500
%	1.5	5.0	8.4	4.3	4.4	4.5	4.2
ALTA	114772	117673	124865	132905	139621	145500	150600
%	-2.2	2.5	6.1	6.4	5.1	4.2	3.5
BC	221860	218687	220512	212045	215283	221750	225000
%	-3.3	-1.4	0.8	-3.8	1.5	3.0	1.5
CAN	150360	150837	154644	152366	158064	*164700	*171000
%	-5.0	0.3	2.5	-1.5	3.7	4.2	3.8

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2000-2001.
(F) Forecast.
* Total does not add due to rounding.

Employment (annual per cent change)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	1.1	-3.7	1.2	2.6	5.5	2.0	1.5
PEI	3.3	2.9	0.5	1.9	1.5	2.5	1.5
NS	1.0	0.2	1.6	3.8	2.4	1.2	1.0
NB	3.2	-1.2	1.5	2.3	3.3	1.5	1.0
QUE	1.5	-0.1	1.6	2.7	2.3	2.4	1.8
ONT	1.8	1.0	2.6	3.3	3.6	3.4	3.2
MAN	1.9	-0.1	1.3	1.9	1.3	1.6	1.4
SASK	0.8	-0.4	[illegible]	1.3	0.8	1.0	1.0
ALTA	2.8	2.9	3.5	3.9	2.5	2.9	2.5
BC	2.2	1.6	2.6	0.1	1.9	1.7	1.9
CAN	1.9	0.8	2.3	2.7	2.8	2.6	2.3

Source: Statistics Canada, CMHC Forecast 2000-2001.
(F) Forecast.

Unemployment Rate (per cent)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	18.0	19.3	18.6	18.0	16.9	16.4	16.2
PEI	15.0	14.8	15.4	13.9	14.4	12.5	12.4
NS	12.1	12.3	12.1	10.5	9.6	9.4	9.7
NB	11.2	11.6	12.7	12.2	10.2	9.7	9.3
QUE	11.4	11.9	11.4	10.3	9.3	8.4	7.9
ONT	8.7	9.0	8.4	7.2	6.3	5.3	5.0
MAN	7.2	7.2	6.5	5.5	5.6	5.3	5.2
SASK	6.6	6.6	5.9	5.8	6.1	5.5	5.3
ALTA	7.8	6.9	5.8	5.6	5.7	5.1	5.1
BC	8.4	8.7	8.4	8.8	8.3	7.9	8.0
CAN	9.4	9.6	9.1	8.3	7.6	6.8	6.5

Source: Statistics Canada, CMHC Forecast 2000-2001.
(F) Forecast.

Real Gross Domestic Product (annual per cent change)

	1995	1996	1997	1998	1999 (E)	2000 (F)	2001 (F)
NFLD	2.19	-3.30	1.47	6.21	5.30	5.00	5.50
PEI	5.50	1.45	0.49	0.97	3.00	3.20	2.50
NS	1.76	0.13	2.81	2.88	3.50	2.30	2.20
NB	2.92	1.65	0.70	2.30	3.70	3.00	1.80
QUE	1.87	1.44	3.35	2.58	3.50	3.30	2.70
ONT	3.72	1.57	4.37	4.31	5.40	5.00	4.60
MAN	0.58	2.14	3.71	3.29	2.20	2.50	2.50
SASK	1.40	2.54	5.05	1.30	2.00	2.50	2.50
ALTA	3.00	2.16	7.31	3.23	2.50	4.30	3.60
BC	2.16	2.54	1.72	0.24	1.60	2.20	1.60
CAN	2.77	1.68	3.99	3.11	3.89	3.95	3.49

Source: Statistics Canada, CMHC Estimate 1999, CMHC Forecast 2000-2001.
(E) Estimate. (F) Forecast.

Total Net Migration* (persons)

	1995	1996	1997	1998	1999	2000 (F)	2001 (F)
NFLD	-6886	-7934	-8410	-7753	-2148	-2500	-2400
PEI	558	595	-232	49	926	500	450
NS	1257	1599	532	307	3123	2200	2000
NB	-844	-620	-1220	-2163	1350	1000	750
QUE	18279	5422	-2247	-210	4324	2502	2134
ONT	93096	84158	93348	70502	96648	110500	116300
MAN	-1216	-1476	-4174	-1355	1846	-1150	-1150
SASK	-1595	-588	-1469	500	-4541	-2800	-1800
ALTA	15582	24722	40644	48849	22961	16000	10000
BC	69005	67505	44631	7355	20418	39000	44000
CAN**	187236	173383	161403	116081	144907	165252	170284

Source: Statistics Canada, CMHC Forecast 2000-2001.
(F) Forecast.
* Sum of interprovincial migration, international migration, and non-permanent residents.
** Excludes Yukon, Northwest Territories, and Nunavut.

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS sales	MLS single-detached average price		Rental vacancy rate, structures of 3 units +
Victoria	1998	964	520	-5.6	4603	246014		3.8
	1999	1340	531	-5.0	4670	246000		3.6
	2000(F)	1010	550	-3.5	4630	251000		3.2
Vancouver	1998	11878	3373	-5.0	19041	357929		2.7
	1999	8677	3568	-4.0	22400	352800		2.7
	2000(F)	9000	4000	-2.5	21219	370000		2.6
Edmonton	1998	5947	4080	3.4	13726	128290	A	1.9
	1999	6489	4075	2.0	13594	133442	A	2.2
	2000(F)	6800	4450	2.5	14150	141000	A	2.0
Calgary	1998	12495	9219	7.6	20554	167422		0.6
	1999	10600	6613	4.7	20197	175500		2.8
	2000(F)	9700	7000	3.5	20200	182300		2.3
Saskatoon	1998	1137	692	2.2	2993	103156	A	0.8
	1999	1273	724	1.5	3100	108000	A	0.9
	2000(F)	1250	750	1.5	3200	112000	A	1.0
Regina	1998	537	468	4.2	2868	85029	A	1.7
	1999	573	403	3.5	2700	90000	A	1.4
	2000(F)	600	460	3.5	2800	91500	A	1.5
Winnipeg	1998	1575	1190	0.8	9748	86838	A	4.0
	1999	1576	1204	1.6	9600	88400	A	3.0
	2000(F)	1550	1200	2.0	9700	90100	A	2.8
Thunder Bay	1998	224	161	-2.3	1311	110099	A	9.3
	1999	232	192	-1.0	1301	112316	A	7.5
	2000(F)	297	180	-0.5	1340	114000	A	6.5
Sudbury	1998	165	161	-2.3	1693	109621	A	9.4
	1999	199	131	-1.0	1744	105093	A	11.1
	2000(F)	160	150	-0.5	1580	106400	A	12.0
Windsor	1998	1938	1355	0.3	5016	130523		4.3
	1999	2387	1761	0.6	5077	134490		2.7
	2000(F)	2549	1835	1.5	5075	136500		2.5
London	1998	2027	1309	0.4	6416	129706		4.5
	1999	1773	1344	0.9	6720	131899		3.5
	2000(F)	2085	1350	2.4	6600	134750		3.0
Kitchener	1998	2549	1759	2.1	4365	143104	A	1.5
	1999	2821	2002	1.9	4695	146495	A	1.0
	2000(F)	3500	2330	4.0	4650	157000	A	0.9
St. Catharines-Niagara	1998	1319	996	3.1	5464	120760		4.6
	1999	1485	1026	2.5	5547	125145		3.2
	2000(F)	1500	1075	4.6	5725	130350		2.9
Hamilton	1998	3627	1736	3.2	10017	153628	A	3.2
	1999	3923	1906	1.1	10543	158164	A	1.9
	2000(F)	3550	1825	3.2	10800	162750	A	1.7
Toronto	1998	25910	12696	3.2	55344	216814	A	0.8
	1999	34904	15535	1.8	58957	228372	A	0.9
	2000(F)	37500	17000	3.6	58000	245000	A	1.0

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS sales	MLS single-detached average price		Rental vacancy rate Structures of 3 units +
Oshawa	1998	1759	1400	n.a.	4237	150994		2.0
	1999	2463	2150	n.a.	4454	155994		1.7
	2000(F)	2700	2300	n.a.	4600	163000		1.5
Ottawa	1998	3615	2248	0.7	9552	143913	C	2.1
	1999	4447	2837	2.6	11334	149626	C	0.7
	2000(F)	5610	3405	3.3	13030	158680	C	0.9
Hull	1998	1244	687	n.a.	2306	95514	S	6.7
	1999	1185	640	n.a.	2630	95875	S	4.4
	2000(F)	1210	670	n.a.	2855	97450	S	3.6
Montréal	1998	10293	5657	0.4	25254	122442	A	4.7
	1999	12366	6522	2.1	27935	125671	A	3.0
	2000(F)	13000	7000	3.0	29200	130000	A	2.5
Trois-Rivières	1998	599	233	n.a.	757	77400		8.5
	1999	380	205	n.a.	887	74300		7.9
	2000(F)	440	200	n.a.	835	75500		7.8
Sherbrooke	1998	590	329	n.a.	1044	91400	A	7.3
	1999	645	305	n.a.	1029	88900	A	7.6
	2000(F)	700	350	n.a.	1100	92000	A	7.3
Québec	1998	1845	1108	0.6	5112	85836		5.2
	1999	1814	1165	1.7	5640	87384		3.3
	2000(F)	2400	1349	2.5	5700	89600		2.8
Chicoutimi-Jonquière	1998	502	331	n.a.	652	79363	T	4.8
	1999	305	243	n.a.	768	81389	S	4.9
	2000(F)	430	265	n.a.	810	84200	S	5.3
Saint John	1998	278	216	-2.3	1353	87087	A	7.3
	1999	296	255	0.4	1530	88836	A	5.2
	2000(F)	385	325	2.0	1550	91600	A	4.8
Halifax	1998	1739	1125	0.8	5129	114024	A	5.5
	1999	2356	1669	3.2	5853	118522	A	3.6
	2000(F)	2550	1550	2.5	5400	120000	A	4.5
St. John's	1998	741	475	-1.3	2131	92560	A	15.4
	1999	807	688	0.3	2298	95500	A	9.2
	2000(F)	900	775	2.9	2425	98500	A	7.5
Charlottetown	1998	247	154	n.a.	534	93968	A	6.1
	1999	321	228	n.a.	494	96760	A	5.0
	2000(F)	330	235	n.a.	450	100000	A	4.8
ALL METRO AREAS	1998	95744	53678	0.9	221220			3.4
	1999	105637	57922	0.9	235697			2.6
	2000(F)	111856	62579	2.1	237624			2.4

Notes:

A: Average MLS price for all dwelling types

S: Singles and semi-detached units

T: Data from Teela

C: Single-family units less condo units

Source: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2000.
n.a.: data not available

Major Housing Indicators
Seasonally Adjusted Annual Rates
(levels and quarterly per cent change)

	98:Q3	98:Q4	99:Q1	99:Q2	99:Q3	99:Q4	00:Q1	00:Q2
New housing								
Building permits, units, thousands	147.1	148.3	157.4	153.2	158.3	168.6	167.7	142.1
%	-0.1	0.8	6.2	-2.7	3.4	6.5	-0.5	-12.7
Housing starts, total, thousands	131.8	136.9	146.2	147.0	148.2	157.0	162.7	90.7
%	-3.4	3.9	6.8	0.5	0.8	5.9	3.6	-11.0
Housing starts, singles, thousands	82.7	86.9	87.0	91.7	93.0	95.8	101.9	51.4
%	-4.1	5.1	0.1	5.4	1.4	3.0	6.4	-15.5
Housing starts, multiples, thousands	49.1	50.0	59.2	55.3	55.2	61.2	60.8	..
%	-2.4	1.8	18.4	-6.6	-0.2	10.9	-0.7	..
Housing completions, total, thousands	129.2	130.5	149.3	128.7	140.3	146.7	153.6	..
%	-5.4	1.0	14.4	-13.8	9.0	4.6	4.7	..
New house price index, 1992=100	100.2	100.2	100.3	100.6	101.1	101.8	102.3	..
%	0.2	0.0	0.1	0.3	0.5	0.7	0.5	..
Existing housing								
MLS resales, units, thousands	322.9	309.5	318.7	352.5	346.3	323.4	342.4	..
%	0.1	-4.2	3.0	10.6	-1.8	-6.6	5.9	..
MLS average resale price, $C thousands	151.0	153.8	154.7	157.4	158.9	161.2	162.2	..
%	-0.4	1.8	0.6	1.7	0.9	1.5	0.6	..
Mortgage market								
Mortgages outstanding, $C billions	392.4	398.7	401.3	406.4	411.2	412.9	418.9	..
%	1.6	1.6	0.7	1.3	1.2	0.4	1.5	..
Mortgage approvals, $C billions	75.3	71.2	79.4	87.4	79.8	66.8	..	..
%	3.1	-5.4	11.5	10.1	-8.7	-16.2	..	..
1-year mortgage rate, per cent*	6.68	6.37	6.42	6.45	6.97	7.35	7.63	8.03
5-year mortgage rate, per cent*	7.08	6.83	6.92	7.32	7.75	8.25	8.48	8.52
Residential investment**								
Total, $1992 billions	40.9	41.1	42.8	44.0	44.5	45.8	46.8	..
%	-2.6	0.6	4.0	2.8	1.2	2.8	2.4	..
New, $1992 billions	20.0	20.4	21.4	21.8	22.4	23.5	23.7	..
%	-4.6	2.2	4.7	2.0	2.5	5.0	0.8	..
Alterations, $1992 billions	13.4	13.6	14.2	14.4	14.2	14.8	15.5	..
%	-1.7	1.0	4.5	1.5	-1.4	4.7	4.5	..
Transfer costs, $1992 billions	7.5	7.1	7.2	7.8	7.9	7.4	7.7	..
%	1.5	-4.3	1.2	7.6	2.1	-6.4	3.1	..
Deflator, 1992=100	108.6	109.9	110.8	112.0	111.7	112.5	114.0	..
%	0.1	1.2	0.9	1.1	-0.3	0.7	1.4	..

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.
.. Data not available.
* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates.
** Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.